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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92048732
Party	Defendant Ronald Beckenfeld
Correspondence Address	MICHAEL L LOVITZ LOVITZ IP LAW PC 9701 WILSHIRE BLVD, STE 1000 BEVERLY HILLS, CA 90212 UNITED STATES mlovitz@lovitziplaw.com
Submission	Reply in Support of Motion
Filer's Name	Michael L. Lovitz
Filer's e-mail	trademarks@lovitziplaw.com
Signature	/michael l lovitz/
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

ALTVATER GESSLER – J.A.	:	Cancellation 92048732
BACZEWSKI	:	
INTERNATIONAL (USA) INC. and	:	
ALTVATER GESSLER – J.A.	:	
BACZEWSKI GMBH,	:	
	:	
Petitioners,	:	Registration No.: 2,731,948
	:	
v.	:	
	:	
RONALD BECKENFELD,	:	
	:	
Respondent	:	Attorney Docket No. B1001-9001

RESPONDENT’S REPLY TO
PETITIONERS’ OPPOSITION TO
RESPONDENT’S MOTION FOR SUMMARY JUDGMENT

Respondent Ronald Beckenfeld (“Beckenfeld”) submits the following brief in reply to the opposition to Respondent’s Motion for Summary Judgment filed by Petitioners Altvater Gessler – J.A. Baczewski International (USA) Inc. and Altvater Gessler – J.A. Baczewski GMBH (“Petitioners”).

I. STATEMENT OF ADDITIONAL FACTS

In response to the arguments introduced by Petitioners in Petitioners’ Opposition to Respondent’s Motion for Summary Judgment (the “Opposition”), namely that the assignment from Mutual Wholesale Liquor (“Mutual”) to Respondent was a sham, and that the license between Respondent and Mutual was a naked license, Petitioner provides the following additional facts not subject to dispute:

The 1992 Agreements and Assignment

For a time prior to the 1992 assignment, Mutual purchased MONOPOLOWA products from the supplier, which at that time was Petitioners. Supplemental Lovitz Declaration (“Lovitz Dec2”), Exhibit 2 at 50:18-24. The product had only limited success for Mutual during the early years of Mutual’s dealings with Petitioners. Declaration of Ronald Beckenfeld (“Beckenfeld Dec.”) at ¶ 23. In fact, Mutual was informed that even in those sections of the U.S. where Petitioners had found other distributors willing to carry the MONOPOLOWA products, the financial difficulties being faced by Petitioners in maintaining supplies for the product prevented them from being able to properly supply the products or grow sales. Lovitz Dec2, Exhibit 2 at 114:18-115:22; Beckenfeld Dec. at ¶ 22.

In order to address these difficulties, Petitioners approached Mickey Beckenfeld, owner of Mutual, in hopes that Mutual would agree to provide Petitioners with the financing needed to pay for the processing and bottling of the MONOPOLOWA products. Lovitz Dec2, Exhibit 2 at 115:12-22; Beckenfeld Dec. at ¶ 24. Because of the financial difficulties being faced by Petitioners

at that time, Mutual represented their last chance of securing the funding they needed in order to remain in operation. Beckenfeld Dec. at ¶ 24. Before he agreed, however, Mickey Beckenfeld insisted that Mutual receive an ownership interest in the MONOPOLOWA product. Beckenfeld Dec. at ¶ 26. Mutual was eventually convinced to make the financial commitment being requested, and to “put some muscles behind it”, but only if Mutual could buy the label and brand. Lovitz Dec2, Exhibit 1 at 26:5-17.

As part of the agreement to sell Mutual the brand, Mutual signed a purchase agreement with Petitioners, agreed to provide letters of credit needed to permit continued production of the product, agreed to hire a sales manager to work with wholesalers, worked with state controlled liquor stores, and developed a national sales and marketing campaign to promote the MONOPOLOWA vodka products, and worked towards getting the products placement in as many markets as possible. Beckenfeld Dec. at ¶ 25; Lovitz Dec2, Exhibit 1 at 26:11-17; Lovitz Dec2, Exhibit 2 at 116:6-17.

The agreement to transfer the brand ownership was memorialized in three (3) separate documents dated August 27, 1992, i.e., the purchase order agreement, the assignment document, and a power of attorney document¹, each of which referenced and confirmed that Petitioners transferred the brand ownership to Mutual. Beckenfeld Dec. at ¶ 27; Lovitz Dec2, Exhibit 1 at 26:19-22; Lovitz Dec2, Exhibit 2 at 112:4-10, 128:14-129:10.

Although no attorney was involved in the drafting of the agreement of transfer of the MONOPOLOWA brand, Mutual made every effort to prepare what both parties believed were valid, legally binding agreements. Lovitz Dec2, Exhibit 2 at 112:21-113:11. John Wilson, who

¹ Although John Wilson testified that he could not find the original, Lovitz Dec2, Exhibit 2 at 101:19-102:8, Respondent was able to locate the original signed power of attorney document in Mutual’s files, although such document appears to have been tampered with, as was discussed in the original motion filing papers.

prepared the documents, believed they were accurate, although in hindsight admitted that he may have been some errors in the drafting. Lovitz Dec2, Exhibit 2 at 118:24-119:5, 126:7-22. As a result of the August 1992 agreement, Mutual became the exclusive distributor for MONOPOLOWA products in the U.S. Lovitz Dec2, Exhibit 1 at 20:3-6.

At all times since 1992, Mutual has understood that the role played by Petitioners with respect to the MONOPOLOWA products is that of a broker or agent. Beckenfeld Dec. at ¶ 30; Lovitz Dec2, Exhibit 2 at 52:20-24. Petitioners' activities in connection with the MONOPOLOWA products support this conclusion, as it was Mutual who undertook all of the activities normally associated with a brand owner. Beckenfeld Dec. at ¶ 29. For example, Petitioners: have had no involvements with state or federal filings relating to the MONOPOLOWA products; provided no promotional materials, placed no advertisements, had no cooperative advertising program, and never developed nor paid for any U.S. advertising or promotional campaigns; did not employ sales managers or sales agents, owned no delivery trucks or bonded warehouses or other necessities required for national distribution of the product; acquired no licenses from the states in which the MONOPOLOWA products are sold; made no efforts to submit MONOPOLOWA products for award consideration in the U.S.; offered no coupons or incentives to retailers or purchasers; did not directly pay the bottling plant for any products shipped to the United States; did not directly inspect products being shipped to the U.S.; relied on Mutual to maintain letters of credit relating to production of products for sale in the US; and took no steps to register the trademark in the United States prior to the initiation of this proceeding. Beckenfeld Dec. at ¶ 28.

II. ARGUMENT

A. THE 1992 ASSIGNMENT WAS VALID

1. All Non-Hearsay Evidence Supports Respondent's Position that Petitioners Validly Assigned the Registration to Mutual

As discussed in greater detail in Petitioner's Motion, the facts not subject to dispute clearly establish that an agreement did exist between the parties specifically addressing the ownership of the MONOPOLOWA trademark, namely that in the United States ownership of such brand and Mark was transferred to Mutual, and now properly in the hands of Respondent.

Petitioners provide no evidence from any sources with first hand knowledge concerning the discussions between Mickey Beckenfeld and Elek Gessler regarding the agreement to transfer ownership of the brand to Mutual. Neither Leonie Gessler not Rasiel Gessler was present for the discussions between Mickey Beckenfeld and Elek Gessler. By his own admission, Rasiel Gessler was not actively involved in the business of Petitioners in 1992. Petitioners' claims that Elek Gessler could not have transferred the ownership of the brand because he had Leone Gessler was the owner of Elek Gessler's shares in J.A. Baczewski International (USA) Inc. is of no import because Petitioners have failed to provide any evidence that such company was the owner of any rights in the MONOPOLOWA brand². Finally, Harvey Monastirsky was neither present in 1992 for the relevant meetings nor involved with that aspect of Mutual's business, and any assertions relating thereto are without foundation or first hand knowledge, and are therefore no more than hearsay.

Although there may have been unintentional errors in the documentation, it is clear that Petitioners and Mutual intended to transfer brand ownership of the MONOPOLOWA trademark in the U.S. to Mutual, and prepared written documentation confirming the same. Petitioners have failed to provide any evidence that would call into question the validity of such agreement and transfer, and in fact Petitioner's actions following the transfer (as discussed in Respondent's original motion) reinforce the validity of such agreement.

2. The Transfer Was Not an Impermissible Assignment in Gross

²The statement on page 3 of the Opposition is unsupported by documentary or testimonial evidence.

Petitioners next attempts to argue that the transfer was an assignment in gross, and therefore impermissible. Such argument, however, ignores the fact that as a part of the agreement between the parties, Mutual entered into a purchase and distribution arrangement with Petitioners at the time of the sale, insuring that there was continuity of business and that the mark was used in association with products of the same quality as before. As noted in the 7th Circuit decision in *Money Store v Harriscorp Finance, Inc.*, 689 F.2d 666 (7th Circuit 1982), the underlying purpose of why a transfer of goodwill is required in order for an assignment of a mark to be effective is “to protect customers from deception and confusion.” *Id.* at 678. Although trademark law generally deems such transfers invalid, it is also true that “[e]xceptions do exist.” *Marshak v Green*, 746 F.2d 927, 930 (2d Circuit 1984) (“The courts have upheld such assignments if they find that the assignee is producing a product or performing a service substantially similar to that of the assignor and that the consumers would not be deceived or harmed.”). Here, Mutual’s undertaking of the role of exclusive U.S. distributor for the MONOPOLOWA products meant there was a continuity of supply of the product from the original source and manufacturer, and the continued importation and sale of the exact products that had prior to August 27, 1992 been sold under such trademark. The result was that the product was not only substantially similar to that of the assignor, but in fact identical, meaning there could be no consumer deception, or confusion or harm.

3. The Documentation Memorializing the Transfer Was Sufficient

As discussed above, the parties to the brand transfer were clear on their intention and caused documentation to be prepared to memorialize the sale of the brand to Mutual. The parties’ understanding was reflected in three different documents, all of which referred to and confirmed the intention of the parties to transfer ownership of the brand to Mutual. The manner in which the respective companies went about their business following the assignment reinforced the fact that the brand had in fact been transferred. Mutual undertook a large financial investment in both time and

money, hiring employees, instituting advertising and promotional campaigns and fully financing production of the products for sale in the U.S. Mutual was also responsible for state and federal registrations of the products and product labels, handled quality control issues, instituted incentive programs, and funded and stored sufficient inventory levels to allow for nation-wide distribution and sale of the product within the U.S.

The parties' understanding was also confirmed by Rasiel Gessler, himself an attorney at law, in a letter written by him in 1996, as discussed in the Motion. Mr. Gessler's assertion in his declaration that any comments made in his 1996 letter were in his "individual capacity" contradicts the very contents of the letter itself, which clearly state it is being written "in consultation with and in the presence of my father."

4. The Consideration Was Sufficient and Not Ambiguous

Finally, as noted above, the undertakings of Mutual as part of their acquisition of the brand ownership went beyond payment of \$1.00. The promises, actions and undertakings of Mutual have resulted in Petitioners receiving millions of dollars in broker fees since the 1992 agreement and transfer. Beckenfeld Dec. at ¶ 32. Petitioners cannot claim that there was insufficient consideration for the transfer of the U.S. trademark rights in the MONOPOLOWA mark.

5. The Power of Attorney Verifies the Assignment

Although Petitioners are correct that Mutual requested Elek Gessler execute an additional copy of the 1992 Power of Attorney document, this request was the result of Mutual's inability to find the original 1992 document (or a copy thereof) in their files. As discussed in the Motion, Respondent has now uncovered such 1992 document (or copy thereof), showing the original signature of Elek Gessler, and confirming the agreement to transfer the ownership of the MONOPOLOWA trademark to Mutual.

6. The Conduct of the Parties Supports Verifies the Validity of the Transfer

As discussed above, following the August 27, 1992 transfer, Mutual took on the traditional roles of brand owner within the United States, relegating Petitioners to the role of broker or agent. It was Mutual, and not Petitioners, who undertook all activities in connection with state or federal filings relating to the MONOPOLOWA products, developing promotional materials and a promotional campaign, placing advertisements, creating a cooperative advertising program, and employ a sales manager or sales agents, owned no delivery trucks or bonded warehouses or other necessities required for national distribution of the product; acquired no licenses from the states in which the MONOPOLOWA products are sold; made no efforts to submit MONOPOLOWA products for award consideration in the U.S.; offered no coupons or incentives to retailers or purchasers; did not directly pay the bottling plant for any products shipped to the United States; did not directly inspect products being shipped to the U.S.; relied on Mutual to maintain letters of credit relating to production of products for sale in the US; and took no steps to register the trademark in the United States prior to the initiation of this proceeding. Beckenfeld Dec. at ¶ 28.

B. THE ASSIGNMENT FROM MUTUAL TO RESPONDENT WAS VALID

Petitioners introduce as a new defense to the validity of the transfer of the brand that any assignment from Mutual to Respondent was merely a sham and an assignment in gross. This allegation ignores the fact that the assignment was accomplished through the execution of a valid trademark assignment document, confirming the transfer of goodwill in the mark.

Petitioners also allege that the assignment must be deemed a sham because Respondent never played a role in the business of Mutual, Respondent's licensee. First, Petitioners fail to cite to any case law that requires a trademark owner be an employee or otherwise exercise control over a licensee in order to support a valid claim of trademark ownership. That is because such a requirement simply does not exist under relevant case law, and is contrary to principles of free enterprise.

Second, Petitioners' claims that Respondent "is utterly clueless" about the MONOPOLOWA brand or products is baseless. Beckenfeld Dec. at ¶ 17. Since receiving the registration via assignment, Respondent regularly receives and review correspondence concerning MONOPOLOWA, including documents relating to sales, quality control issues, promotions, advertisements, and proposed label design changes. Beckenfeld Dec. at ¶ 12. Respondent routinely had extensive conversations with his father Mickey Beckenfeld, Mutual's president prior to his passing, regarding the alcohol business in general, and issues concerning MONOPOLOWA specifically. Beckenfeld Dec. at ¶ 6, 7 and 10; Sloane Dec., Exhibit A at 54:17-25. For example, Respondent consulted with Mutual concerning quality control issues, and recommended steps to be taken by Mutual to establish quality control procedures to avoid problems concerning variances in the alcohol content of the MONOPOLOWA vodka products. Beckenfeld Dec. at ¶ 11.

In addition, Respondent shares office space with Mutual, and has general access to its offices and warehouse space, allowing him easy access to inventory, employees and records. Beckenfeld Dec. at ¶ 5. Respondent has also, since the death of his father last year, had several conversations with Mutual's current president concerning Mutual and its products, including the MONOPOLOWA line of products. Beckenfeld Dec. at ¶ 15. Additionally, Respondent routinely encounters the product as in retail settings, where the product can be easily examined. Beckenfeld Dec. at ¶ 16.

Petitioners also attempt paint Respondent as "utterly clueless" by seeking to link him with typographical errors in the original Motion, which Motion was prepared by Respondent's counsel, and further because the labels submitted with Respondent's Application for Renewal and Declaration of Use are alleged not have been in use for more than nine years. However, despite

Petitioners protestations, the labels submitted were obtained from online vendors of the product, as seen from the advertisements attached to Respondent's declaration. Beckenfeld Dec. at ¶ 17.³

In summary, the claim by Petitioners that Respondent "never had anything to do with" the MONOPOLOWA products is simply not accurate. Beckenfeld Dec. at ¶ 18.

C. RESPONDENT'S LICENSE TO MUTUAL IS A VALID LICENSE

Another new issue raised by Petitioners is that Respondent and Mutual have entered into a naked license, resulting in an invalidation of the trademark. Petitioners allegations, however, are simply not true.

First, the license does provide for adequate quality control. At the time the trademark was assigned to Respondent, and the license to Mutual entered into, Respondent was aware of Mutual's long history and involvement with the MONOPOLOWA product line, and had no reason to doubt that Mutual was well situated to continue in protecting the goodwill associated with the products and trademark. Beckenfeld Dec. at ¶ 13. Respondent has regularly reviewed the products, Mutual's warehouse and sales activities, including through discussions with his father. Beckenfeld Dec. at ¶ 14. In addition, since granting the license, Respondent has closely monitored Mutual's adherence to the license's terms, and has on at least one occasion sent Mutual a notice of activities that threatened to breach the license's terms, which threatened breach was subsequently cured. Beckenfeld Dec. at ¶ 14. Respondent was also offered compensation on a per-case basis, but turned it down to permit Mutual to instead invest those funds in the growth of the product. Beckenfeld Dec. at ¶ 37.

Unlike the parties in *Haymaker Sports* case cited by Petitioners, Respondent has been active in monitoring the activities of Mutual, Mutual's compliance with its license obligations, and the license with Mutual cannot be said to be a sham.

³ In addition, additional specimens that were inadvertently omitted from the filing; an amendment to the Section 8 & 9 filing is being submitted to the Post-Registration Branch to correct such omission.

D. THERE HAS BEEN NO FRAUD BY RESPONDENT

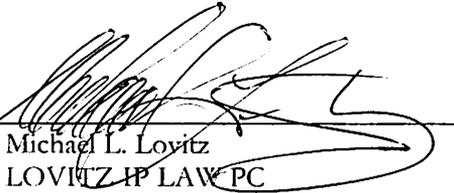
Finally, with respect to the allegations by Petitioners, as discussed above the labels submitted in support of the Application for Renewal and Declaration of Use were in fact in use on-line by vendors selling MONOPOLOWA product. As these specimens accurately reflect use in commerce, there is no basis for a finding of fraud.

III. CONCLUSION

Petitioner's predecessor in title and interest validly obtained ownership of the brand MONOPOLOWA and trademark in the United States as a result of an agreement between Mutual and Petitioners in August 1992. The validity of the transfer was not questioned until after the registration was assigned to Petitioner, more than 15 years after the agreement was consummated. Fearing that they may lose access to an important product line, Mutual is working with Petitioners in an effort to undermine Respondent's rights in the mark. However, Petitioners can provide no valid first-hand evidence to support their claims, and instead seek to assert unsubstantiated allegations of fraud and claims of naked licensing in hopes that Respondent will simply hand back this valuable asset after Petitioners have profited in the millions of dollars. Respondent submits that, under the facts not subject to dispute, and the supporting evidence provided therewith, he is entitled to maintain his registration of the "MONOPOLOWA" trademark, and the instant Cancellation be dismissed with prejudice.

Respectfully submitted,

Dated: June 20, 2013

By: 

Michael L. Loyitz
LOVITZ HP LAW PC
9701 Wilshire Blvd., Ste. 1000
Beverly Hills, CA 90212
(424) 256-8489
Attorneys for Respondent